

FISCAL NOTE
HB 1983 - SB 2063

March 7, 2005

SUMMARY OF BILL: Allows any county or city local education agency to convert to a special school district (SSD) or reorganize an existing SSD into multiple SSDs.

ESTIMATED FISCAL IMPACT:

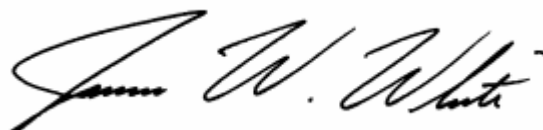
Other Fiscal Impact - Shift in local government revenues and expenditures from a county or city government to the SSD in an amount exceeding \$100,000/Permissive. Any new SSD would likely have a lower bond rating than for other local governments, resulting in higher interest rates and increased costs to the district in an amount that cannot reasonably be quantified.

Assumptions:

- The county would no longer issue debt for the school district and the district would set its own tax rate with the approval of the General Assembly. The school system would not be required to share proceeds with any incorporated area but also could not tax areas outside the SSD. There would be an increase in revenues and expenditures for the (special school district and a decrease in revenues and expenditures for any affected county or city governments.
- Any school debt currently on the county's books would follow the newly created SSD.
- Costs could be incurred for attorney's fees associated with the preparation of the official documents if a SSD is created. This cost would be dependent on whether the school system utilizes its own attorney or must seek outside legal assistance.
- If an existing SSD were to reorganize into multiple SSDs, additional costs could be incurred. Special schools would increase administrative costs because they duplicate central office administrative staff roles. The BEP funds certain positions as one-per-district. Adding another SSD would add additional positions. The BEP would be increased to provide additional funds per district for the overlapping positions. The amount of increase would depend on the number of SSDs created. Since the BEP funds superintendents as one-per-county, both the SSD and the county school system would raise additional funds to provide for the entire superintendent salary.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director